

## Message Text

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72

ACTION EB-11

INFO OCT-01 EUR-25 ISO-00 COME-00 L-03 MC-02 ACDA-19 PM-07

NSC-10 SPC-03 SAM-01 SS-20 RSC-01 OMB-01 TRSE-00

CIAE-00 INR-10 NSAE-00 DODE-00 DRC-01 /115 W

----- 102591

R 201323Z FEB 74

FM AMEMBASSY BUCHAREST

TO SECSTATE WASHDC 7766

INFO AMEMBASSY PARIS

C O N F I D E N T I A L BUCHAREST 0672

E.O. 11652: GDS

TAGS: PFOR, ETRD, ETRN, RO

SUBJECT: HELICOPTER SALE TO ROMANIA

REF: A) STATE 32917 (NOTAL); B) BUCHAREST 564; C) BUCHAREST 571

1. INDICATIONS OF POSTPONEMENT OF MAJOR PROJECTS, PARTICULARLY MEDIUM-RANGE JETS AND HELICOPTERS, ARE BECOMING EVEN MORE PRO-  
NOUNCED HERE. DURING CONVERSATION BETWEEN UNITED AIRCRAFT V.P.  
HARVEY JOLLY AND ROMANIAN OFFICIALS FROM TAROM, CIVIL AVIATION  
DIRECTORATE AND TEHNOIMPORT, JOLLY WAS TOLD THAT DECISIONS ON  
BOTH PROJECTS ARE BEING DELAYED AND SHOULD BE RESOLVED "WITHIN  
SIX MONTHS."

2. FRENCH, ON OTHER HAND, ARE INCREASING PRESSURE FOR QUICK  
CONCLUSION OF CONTRACT AND, ACCORDING TO SOURCES AT FRENCH EMBASSY,  
ARE PUSHING TO SIGN SECOND HALF OF ALOUETTE CONTRACT AND NEW  
CONTRACT FOR PUMA HELICOPTERS DURING FORTHCOMING JOINT FRENCH-  
ROMANIAN ECONOMIC COMMISSION MEETING. FRENCH COMMERCIAL OFFICER  
SAID ON FEBRUARY 19 THAT SNIAS HAS SET TIME LIMIT OF FEBRUARY 28  
ON VALIDITY OF CURRENT PRICES, AFTER WHICH DATE, ESCALATION  
PROVISION WILL INCREASE PRICES BY SIGNIFICANT AMOUNT.

3. IN AN IMPORTANT NEW DEVELOPMENT, FRENCH SOURCES (INCLUDING  
FRENCH AMBASSADOR) HAVE INFORMED US THAT GOR WILL ASK FRENCH  
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FOR VERY LARGE GOVERNMENT TO GOVERNMENT CONVERTIBLE CURRENCY

LOAN. SOURCES INDICATED INTEREST RATE OF ABOUT 2 PERCENT FOR 10 YEAR TERM, WITHIN WHICH WOULD BE INCLUDED HELICOPTER PROJECT FINANCING. AMOUNT OF REQUESTED LOAN WAS SAID BY AMBASSADOR TO BE IN EXCESS OF 500 MILLION FRANCS, WHILE FRENCH EMBOFF DID NOT DISAGREE WHEN ASKED IF IT COULD BE AS HIGH AS 200 MILLION DOLLARS. FRENCH SOURCES CHARACTERIZED REQUEST AS "IMPOSSIBLE," AND FRENCH AMBASSADOR FLATLY INDICATED THAT IT WOULD NOT BE GRANTED IN HIS OPINION. NEVERTHELESS, ROMANIAN TEAM DEPARTED FOR PARIS MORNING OF FEBRUARY 19 TO DISCUSS HELICOPTER FINANCING, AND LARGER ISSUE OF HARD CURRENCY LOAN IS BEING PLACED ON JOINT COMMISSION AGENDA.

4. WE ARE IN DIRECT TELEPHONE CONTACT WITH UNITED AIRCRAFT AND SIKORSKY OFFICIALS, AND ARE ATTEMPTING TO ARRANGE HIGHEST POSSIBLE LEVEL MEETINGS FOR US COMPANY EXECUTIVES DURING WEEK OF FEBRUARY 25-MARCH 1.  
MARTENS

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## Message Attributes

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